

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (3/15):**

**BUTTER:** Grade AA closed at \$1.2500. The weekly average for Grade AA is \$1.2458 (-.0167).

**CHEESE:** Barrels closed at \$1.1800 and blocks at \$1.2100. The weekly average for barrels is \$1.1800 (+.0120) and blocks, \$1.2100 (+.0090).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9400 and Grade A closed at \$1.0000. The weekly average for Extra Grade is \$0.9600 (-.0300) and Grade A, \$1.0000 (N.C.).

**BUTTER:** Butter prices are higher, although the market undertone is weak. Cream volumes remain readily available across the country, although improved Class II product production is absorbing additional volumes. Production schedules for cream based holiday items are heavier as manufacturers prepare for the upcoming Easter/Passover holiday. Once this holiday demand has been filled, cream handlers anticipate the butter churn to be the only outlet for cream until ice cream production increases. In many areas of the country, production continues to surpass demand thus stocks are increasing. Stocks of butter are heavier than last year at this time, but weekly levels have not increased at the pace of recent weeks due to heavier demand. Retail and food service orders are fairly good as they prepare for the upcoming holiday. Many grocery stores are preparing for feature activity at varying times during the next few weeks.

**CHEESE:** The cheese market is cautiously steady. Improved milk interest by other users for holiday items has helped to reduce surplus milk volumes for cheese manufacturing. Barrels are tight to adequate with some still being inventoried for later use. Some process items are showing signs of the usually improved spring/summer interest. Natural interest continues to lag overall, ranging from slow to fair on chunks and moderate to good for shreds. Current cheese production is about steady.

**FLUID MILK:** Milk production increases are noted throughout major producing areas of the country. Fluid milk demand is steady to lower in areas where schools and institutions are taking spring breaks. In the Southwest, output is increasing weekly and pushing towards seasonal peak levels in Arizona. Plant intakes are higher in California and New Mexico at manageable levels. Pacific Northwest milk is moving higher at the beginning of spring flush. The increased milk flow is helping with cash flow for producers. Winter conditions remain in the Mountain States and milk cows are not responding well. In the Midwest, variable weather was impacting animals and milk receipts. In the Northeast, milk production is steady to higher along seasonal lines. Indications of an early flush may be developing at volumes above a year ago.

**DRY PRODUCTS:** Nonfat dry milk prices are unchanged in all regions at low pricing levels. There is little new news in the marketplace. The expectation of a support price tilt remains factored into production and marketing decisions. Production levels are increasing to process additional milk solids and offerings remain heavy to the CCC to balance stocks and help cash flow. Buttermilk prices weakened but producers are beginning to take stands and not lower prices any further. Their expectations are that demand will soon increase seasonally and allow prices to stabilize and increase. Dry whey markets are weaker. Excess product is available and being offered. Some larger blocks have cleared and product is moving better into export channels. Whey protein concentrate prices are unchanged in a weak market. Surpluses are harder to clear, even at the lower end of the pricing range. Lactose markets are holding steady currently. Domestic accounts are taking anticipated volumes but there

are concerns about export accounts and upcoming contract negotiations establishing volumes and prices for the second quarter.

**CCC:** For the week of March 11 - 15, CCC purchased 17,608,848 net pounds of NDM. Of the total, 1,267,196 pounds originated in the East, 1,548,233 pounds from the Midwest and 14,793,419 pounds from the West.

**MAILBOX PRICES (AMS):** In October 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.52, \$1.34 less than the figure for the previous month. On an individual reporting area basis, mailbox prices decreased in all areas and ranged from \$18.55 in Florida to \$13.90 in Idaho. In October 2000, the Federal milk order all-market average mailbox price was \$12.47, \$3.05 lower.

**MARCH MILK SUPPLY AND DEMAND ESTIMATES (USDA, WAOB):** Forecast milk production in 2001/02 is raised fractionally from last month, based on slightly higher milk per cow. Tight heifer supplies are expected to continue constraining milk production growth. Skim solids demand is weaker than previously expected, and CCC removals of nonfat dry milk through the end of the price support program in May are forecast higher. The forecast Class IV price is lowered to \$11.60-\$12.20 from last month. The Class III price forecast is also reduced. The 2001/02 all milk price forecast is lowered to \$13.05-\$13.45.

**JANUARY FLUID MILK SALES (AMS & CDFA):** During January, about 4.5 billion pounds of packaged fluid milk products were sold in Federal milk order marketing areas and California. This was 0.7% higher than January 2001. On an individual product basis, sales of whole milk, reduced fat (2%) milk, low fat (1%) milk, and buttermilk increased from January 2001, while sales of fat-free (skim) milk decreased.

**DAIRY SITUATION AND OUTPUT (WAOB):** Dairy demand has been unsteady but generally fairly strong since last autumn. The recession has given evidence of being mild and short. Although consumers are likely to be more conservative about food spending than they were during most of the 1998-2001 period, dairy demand is expected to rise significantly this year. Cheese, butter, and fluid cream appear to remain the favored dairy products. Demand for skim solids as ingredients remains soft. Commercial use of milkfat is projected to rise about 2% following 2001's fractional gain. The increase could be larger if imports decline less than expected. Sales of skim solids also are expected to increase about 2%. Ingredient use of skim solids remains key, with uncertainties generated by long-term responses by food processors and by the likely increase in imports of concentrated milk proteins. Commercial use of cheese rose more than 1% in 2001, as sales of American varieties increased a brisk 3%. Use of other cheeses was unchanged, largely because sales of Mozzarella had only a minimal increase instead of their normal large gain. Butter sales slipped 2% as the very high prices rationed supplies. Wholesale dairy prices are not expected to change much until summer nears, although they may be far from steady. Production increases probably will be large, and the ability of demand to absorb the supply increase will be unclear. If international butter prices do not recover, over-TRQ imports of milkfat could be a much more significant limiting influence than last year. Farm milk prices are expected to run below a year earlier until at least autumn. Even if markets turn out much tighter than currently expected, considerably stronger production and weaker demand growth than in 2001 seem fairly certain. Farm milk prices are projected to fall an average \$1.50-2.00 in 2002.

\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE****CASH TRADING**

CHEESE: carlot = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MARCH 11	TUESDAY MARCH 12	WEDNESDAY MARCH 13	THURSDAY MARCH 14	FRIDAY MARCH 15	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1800 (N.C.)	\$1.1800 (N.C.)	\$1.1800 (N.C.)	\$1.1800 (N.C.)	\$1.1800 (N.C.)	N.C.	\$1.1800 (+.0120)
40# BLOCKS	\$1.2100 (N.C.)	\$1.2100 (N.C.)	\$1.2100 (N.C.)	\$1.2100 (N.C.)	\$1.2100 (N.C.)	N.C.	\$1.2100 (+.0090)
NONFAT DRY MILK							
EXTRA GRADE	\$.9900 (N.C.)	\$.9900 (N.C.)	\$.9400 (-.0500)	\$.9400 (N.C.)	\$.9400 (N.C.)	-.0500	\$.9600 (-.0300)
GRADE A	\$1.0000 (N.C.)	\$1.0000 (N.C.)	\$1.0000 (N.C.)	\$1.0000 (N.C.)	\$1.0000 (N.C.)	N.C.	\$1.0000 (N.C.)
BUTTER							
GRADE AA	\$1.2425 (N.C.)	----	\$1.2450 (+.0025)	----	\$1.2500 (+.0050)	+.0075	\$1.2458 (-.0167)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM)

## CHICAGO MERCANTILE EXCHANGE

MONDAY, MARCH 11, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 2 CARS: 1 @ \$1.2450, 1 @ \$1.2425; BIDS UNFILLED: 2 CARS @ \$1.2300; OFFERS UNCOVERED: NONE

TUESDAY, MARCH 12, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 13, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$0.9400

BUTTER — SALES: 4 CARS: 1 @ \$1.2500, 1 @ \$1.2475, 1 @ \$1.2450, 1 @ \$1.2425; BIDS UNFILLED: 3 CARS: 1 @ \$1.2450, 1 @ \$1.2425, 1 @ \$1.2400; OFFERS UNCOVERED: NONE

THURSDAY, MARCH 14, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 15, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: 1 CAR @ \$1.2500; BIDS UNFILLED: 3 CARS: 2 @ \$1.2475, 1 @ \$1.2450; OFFERS UNCOVERED: NONE

## BUTTER MARKETS

## NORTHEAST

Butter prices are basically steady, although handlers and traders feel that the undertone remains weak. Stocks of butter continue to build as production surpasses demand. Production schedules vary from plant to plant, although cream volumes are quite heavy. Some handlers are able to clear the additional volumes to other users. Demand and production schedules for cream based holiday items are improved as manufacturers prepare for the upcoming Easter/Passover holiday demand. Once this holiday demand has been filled, butter producers anticipate the butter churn to be the only outlet for cream until ice cream production increases. At this point, ice cream production remains quite light. Some cream sources are surprised at the limited ice cream demand, especially in light of current prices and the large volume of available cream. Butter demand is seasonally fair. Retail outlets continue to stock shelves for current and projected features with food service orders fairly active as the upcoming holiday nears. Sales of bulk butter, f.o.b. East, are reported in a range of flat market – 4 cents over the CME price/average.

## CENTRAL

Butter prices are generally steady, although the overall market tone remains weak. Butter producers report that cream offerings are somewhat lighter this week as Class II demand has improved for upcoming holiday cream based items. Although cream volumes are lighter, for the most part, churning schedules remain active and often production continues to surpass demand. Butter demand is fairly strong as retail and food service outlets prepare for the upcoming Easter/Passover

holiday. Scattered retail feature activity is scheduled during the next few weeks, which is expected to clear good volumes of print butter. Stocks of butter are heavier than last year at this time, but weekly levels have not increased at the pace of recent weeks. Slightly lower production and improved demand are clearing a larger percentage of current output. Bulk butter for spot sale is selling in a range of flat - 3 cents per pound over various pricing basis.

## WEST

Butter production remains heavy in the Western region. Cream offerings continue to be burdensome. Weather patterns in the Southwest are quickly moving from spring to summer. Even with the warm conditions, there is very little indication that ice cream manufacturing is increasing. Orders and placements for the upcoming holiday are being called good with decent features noted. Contacts state that some butter storing is taking place for late summer use. The weekly CME butter inventory increased by 3.85 million pounds this week to 89.9 million pounds. This is the smallest weekly increase this year, but it does fit into the normal historical slow down pattern. Some years, stocks actually decline slightly around the Easter/Passover holiday period. In March, stocks are higher than in any year overall except in the year 2000. Current prices for bulk butter range from 4 cents to 1 cent under market based on the CME with various time frames and averages involved.

**NASS DAIRY PRODUCT PRICES**  
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	38% MOISTURE BARRELS				CLASS II	ALL CLASSES
MAR 9	1.1946	1.1764	0.9089	1.2450	0.2064	1.5835	1.5769
	6,592,409	11,184,487	25,323,833	4,361,061	10,614,871	2,340,366	5,220,815

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Wholesale prices are higher on process and natural varieties except Swiss. Cheese production is generally steady at higher than expected levels in the Northeast due to the larger milk supply. Surplus milk volumes are seasonally heavy. Many buyers continue to make purchases on an as needed basis while others are stocking items for anticipated Lenten/Passover movement.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2650-1.7300
Cheddar Single Daisies	:	1.2225-1.6825
Cheddar 40# Block	:	1.3400-1.5525
Process 5# Loaf	:	1.3775-1.5625
Process 5# Sliced	:	1.3975-1.6750
Muenster	:	1.4250-1.6325
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST

The cheese market is about steady at current levels. Barrel demand is moderate to occasionally good with some improvement in a few process segments as spring and the travel/cookout season nears. Some processors continue to seek an additional load or two of barrels or good processing solids. However, some current barrels are still being stockpiled for later use at current prices. Natural chunk interest is mostly fair at best, often slow. For a few, even shred interest has slowed. Overall, a few extra loads of various natural varieties are available to buyers as milk and cheese production remain above year ago levels. Cheese yields are drifting lower seasonally as local plant milk receipts edge higher.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3875-1.6500
Brick And/Or Muenster 5#	:	1.6600-1.7625
Cheddar 40# Block	:	1.5650-2.1150
Monterey Jack 10#	:	1.7975-2.1150
Blue 5#	:	1.9450-2.3600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5450-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0675-2.6850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	MARCH 11 - 15, 2002
BARRELS*	:	\$1.1775 - 1.1900 (NOMINAL)
	:	(\$ .0275)
40# BLOCKS	:	\$1.2000 - 1.2350 (NOMINAL)
	:	(\$ .0150)

( ) Change from previous week. \* If steel, barrel returned.

## WEST

Prices continue to firm slowly for natural and process cheese. Buyers are willing to take regular volumes of cheese at these price levels. They don't perceive that there is much chance of prices moving much lower. Barrels and processing solids remain in the tightest position. Under grade cheese that is being offered at reasonable discounts is clearing the market easily. Block cheese demand is being called fair with more volumes entering aging programs at these price levels. Most contacts are satisfied with Swiss cheese sales activity at this point in time. They do note that overall production is on the increase and that it will probably remain that way through the second quarter. Mozzarella sales activity is improving. Cheese production remains somewhat heavier than anticipated for this time of year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3225-1.5825
Cheddar 40# Block	:	1.3225-1.4625
Cheddar 10# Cuts	:	1.5025-1.7225
Monterey Jack 10#	:	1.5125-1.6725
Grade A Swiss Cuts 6 - 9#	:	2.3600-2.5300

## FOREIGN

Imported prices are unchanged and domestic prices unchanged to mostly higher. Current offerings are adequate with some tightness noted on soft ripened varieties. Distributors are stocking product for Lenten/Passover needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.5675-3.0625*
Gorgonzola	3.2400-5.9400	2.0675-2.4900*
Parmesan (Italy)	TFEWR	2.9825-3.0375*
Romano (Italy)	2.1000-2.9900	-0-
Provolone (Italy)	3.4400-5.5000	1.5700-1.7950*
Romano (Cows Milk)	3.4400-5.5000	2.7600-4.9400*
Sardo Romano (Argentina)	2.6500-3.2900	-0-
Reggianito (Argentina)	2.6500-3.2900	-0-
Jarlsberg-(Brand)	2.7500-3.5900	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	2.2500-2.7500	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-2.9500	-0-
Gouda, Large	2.3900-2.6800	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

\* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

## BUTTER : CHEESE

	:	
03/11/02	36,217	126,707
03/01/02	33,688	127,858
CHANGE	2,529	-1,151
% CHANGE	8	-1

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	30	0	25	0	110
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is steady to higher as warmer temperatures encourage seasonal output increases. Some areas of the North report that the spring flush may be occurring early this year. Throughout the region, milk is being handled efficiently at volumes well above last year. Class I sales are steady to lower as spring break recess in some areas deters interest. Milk movement into Class III facilities is increasing in light of higher demand for mozzarella. Excess milk supplies are readily cleared into Class IV facilities, encouraging NDM sales to the CCC and balanced movement. Manufacturing facilities are generally operating at less than capacity with increased production and milk intake anticipated over the next few weeks. Condensed skim prices are unchanged. Class II condensed skim demand is steady to higher while Class III movement is generally unchanged. Comparably, less condensed skim is being sold to end users than the year prior, encouraging production of NDM. Cream sales are increasing into Class II facilities in preparation for the holidays, especially for cream cheese and sour cream. Some ice cream facilities are picking up extra loads in the anticipation that the butter price may continue to firm. Cream supplies are readily available yet multiples are trending higher. Movement of cream into butter facilities is decreasing and churning activity is consequently lower. With a higher weekly average AA CME butter price and higher multiples, cream prices are increasing. Cream production is generally steady.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5403-1.6918
DELIVERED EQUIVALENT ATLANTA	-	1.5529-1.6791 M 1.5529-1.6034
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5150-1.6539

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9700-1.0500
NORTHEAST- CLASS III - SPOT PRICES	- .8800-.9900

## M I D W E S T

Class I demand was about steady, though some institutional accounts are lighter where schools are out on spring break. Scattered retail promotional activity is also stimulating extra sales. Bottlers and other cream users are stepping up production of holiday items including dips, sour, and whipped cream. Ice cream interest is also improving seasonally with continuing effort to build inventory for summer. Manufacturing milk supplies were less burdensome than recent weeks and buyer interest was also improved. Reported spot manufacturing prices are \$1.00 to 1.50 over class. Handlers were already setting up "homes" for the Spring/Easter break surplus milk volumes around month end when Class I sales slow and offerings to manufacturing plants increase sharply. Many handlers expect manufacturing plant capacity will likely be tested more this year than in recent years. Condensed skim interest was also good and prices steady at \$.95 to 1.03. Local plant milk receipts are increasing slowly and fat and protein levels are drifting lower. Heavy wind over the weekend along with snow slowed travel and kept animals near protection.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MARCH 7 - 13	PREVIOUS YEAR
SLAUGHTER COWS	\$ 39.50- 47.00	\$ 42.00- 46.00
REPLACEMENT HEIFER CALVES	\$600.00-680.00	\$280.00-350.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MARCH 7 - 13	PREVIOUS YEAR
SLAUGHTER COWS	\$ 40.50- 52.00	\$ 39.00- 53.00

## W E S T

The April 2002 Class 1 prices in CALIFORNIA range from \$13.26 in the north to \$13.54 in the south. The statewide average Class 1 price based on production is \$13.31. The average is \$0.01 lower than March 2002 and \$1.91 lower than April 2001. California milk production is increasing again this week. Plant receipts are increasing at a slow, steady pace on a weekly basis. Fluid milk orders are steady to slightly lower in the state. Interruptions in fluid demand and orders are expected to be sporadic over the next month as schools break for spring recess. Hay harvesting is moving further north each week and more new hay is moving into the dairies. Weather remains ideal for milk cows in the southern section of the state. Milk from a closed plant has been absorbed into other channels. Plant capacity is adequate for current and expected higher levels of milk. ARIZONA milk production is increasing toward the seasonal peak at levels around 5 to 6% above a year ago. Weather and feed continue to be cooperative in making milk. Processing capacity is still available in the state. NEW MEXICO milk is moving higher. Increased cow numbers and improved output per cow are both contributing factors. Warm weather continues across the state. High winds have been recurring, but have little or no impact on milk output. Wet conditions continue to prevail in the PACIFIC NORTHWEST. Some contacts are stating that moisture conditions are more than 150% of normal at this time. The Cascades continue to pick up heavy volumes of snow. The west side will have no problems with sufficient moisture this year. Over on the east side, things are not quite as promising, but water should not limit cropping decisions to any large extent. Cutting of new crop hay may commence in the Columbia Basin in about six weeks. Milk production in the region is considered to be in an early spring flush pattern. Producers are happy that they are able to hold up their cash flow reasonably well with increasing milk flow. Heifer prices, even for only medium quality, are holding at very high levels. Some producers are looking for some good quality dairy hay with limited success. Rain and snow are again common over much of the milk production region in NORTHERN UTAH and SOUTHERN IDAHO. The moisture is very welcome, but it is adding to the distress on the milking herd in the short run. Parts of the region are only at 60% of normal moisture and there are meetings and warnings going out about the limited amount of water that will be available for irrigation this crop year. Fat and protein tests are mixed on the incoming milk receipts. Some of the strength noted earlier is now missing on these tests. Occasional softness is noted on old crop hay prices in the region. Barn hay of reasonably good quality is still out there for sale. Neither buyers nor sellers are very aggressive in the marketing of the hay at this time. Western CREAM markets are weak. The relatively stable butter price at the CME is not affecting cream sales. Many in the trade think the butter price is overstated and should move lower. This is affecting buyers' willingness to buy cream, when they expect it to be worth less later. A lot of cream is ending up being churned when other outlets don't want extra cream. Ice cream demand is slower than anticipated. West cream multiples are 105 to 120, FOB.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged to higher at prices within the mostly on a steady market. Firms previously trading at the average are able to gain a premium on their sales. NDM low heat output is higher in response to seasonal milk volume increases. Spot load availability is light while sales to the CCC continue in order to alleviate any excess supplies. Some plants are generating high heat to satisfy contractual obligations in future months. Conversations regarding a tilt change continue with some industry representatives speculating on how low the price may go. Regardless of the change, buyers and sellers are reluctant to stock NDM.

EAST: Prices are unchanged to lower at prices within the mostly. Some plants are willing to reduce prices in order to keep inventories clear in the event of a tilt change. Spot interest is generally light with most movement occurring on a contractual basis. Production is steady to higher as a result of seasonal milk volume increases and slower than expected condensed skim sales. Some plants continue to clear heavily into the CCC with resale supplies of CCC reject product available at prices near the lower end of the range.

Includes EXTRA GRADE and GRADE A

F.O.B. CENTRAL/EAST:

LOW/MEDIUM HEAT:	.9000 - .9675	MOSTLY:	.9200 - .9400
HIGH HEAT:	.9600 - 1.0250		

**NONFAT DRY MILK - WEST**

Nonfat dry milk prices are unchanged for the low/medium heat range and mostly. There remains very little new information on NDM developing. The market continues to be traded with the expectation of a support price tilt. However, there is no official notification this will take place. The Farm Bill remains unsigned and within it the extension of the support program beyond May 31 looms large. Without the extension, the program stops. There is speculation that a tilt will not happen until the Farm Bill is signed. NDM production remains active in the region at heavy levels. Milk production is higher in most states over a year ago and is increasing on a weekly basis. Stocks remain moderate to heavy. During the week of March 4 - 8, adjusted support program purchases totaled 16,778,901 million pounds of NDM with 14,281,669 pounds from the West. High heat prices are unchanged in light trading. Supply and demand are being kept in check by production schedules and generally only being made to order. Stocks are balanced to moderate.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	.8950 - .9850	MOSTLY:	.9000 - .9150
HIGH HEAT:	.9275 - .9700		

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 8	\$ .9027	12,850,469	8,839,500
March 1	\$ .9022	15,818,840	12,011,725

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged to lower on a weak market. Demand remains light, leaving sellers little incentive to negotiate prices. Some producers are content in storing product until interest seasonally increases. Building inventories are not a concern as production is beginning to decline in response to lower butter production and higher cream movement into Class II facilities. Inquiries are noted at the lower end of the range with brokers generating the best spot interest.

F.O.B. CENTRAL: .8200 - .8800

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and the market tone is somewhat more stable than in prior weeks. More cream is moving into ice cream facilities, decreasing heavy churning schedules and buttermilk output. Movement remains light. Producers are waiting for seasonal increases in demand rather than attempting to discount prices on current stocks. Inquiries are nominal.

F.O.B. NORTHEAST:	.9000 - .9450
DELVD SOUTHEAST:	.8800 - .9700

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are lower on the top end of the range. The market tone is weak. However, some sellers are beginning to hold onto loads instead of selling at discount. They feel that demand will increase soon and future prices will be better. Buttermilk prices have dropped to the level of local NDM prices. Production levels remain active in the region. Stocks are adequate to long, but are being held with future confidence.

BUTTERMILK: .8800 - .9200 MOSTLY: .9000 - .9200

**DRY WHOLE MILK - NATIONAL**

Prices are generally unchanged to somewhat lower within the range. Offerings are light. As holiday demands are mostly satisfied, interest in whole milk is lower. Production is steady with stocks clearing readily into contracts.

F.O.B. PRODUCING PLANT: 1.1700 - 1.2900

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2001 THROUGH MARCH 8, 2002  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	36,263	MT (79,945,410 LBS)
CHANGE	--	58	MT (127,867 LBS)

CHEESE	--	3,030	MT (6,679,938 LBS)
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This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT.

**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are mixed yet generally lower. The market tone is weak. Supplies remain mixed and reports vary between buyers and sellers. Production is steady to higher in response to increases in the milk supply. Grade A suppliers have loads to offer and condensed whey is readily available for the light interest. Domestic movement is mostly unchanged with some renewed interest from feed buyers. Higher export movement is being noted at the lower end of the range as producers attempt to compete with the West coast that holds a shipping advantage into export markets. Buyers and sellers are not inclined to estimate prices into the spring flush, indicating the uncertainty of the market.

NONHYGROSCOPIC: .1800 - .2125 MOSTLY: .1950 - .2025

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are generally unchanged. Most producers are more in balance and reporting trades at the market or higher. However, unconfirmed sales on Grade A were reported below the range, suggesting that excess stocks may have been cleared into export markets. Cheese production is reportedly lighter in areas as most holiday orders are complete, encouraging lower whey output. Movement is best on commitments with some contract buyers requesting additional loads. Condensed supplies are generally in balance for the fair interest.

F.O.B. NORTHEAST: EXTRA GRADE .2000 - .2075  
USPH GRADE A .2175 - .2400  
DELVD SOUTHEAST: .2300 - .2375

**DRY WHEY - WEST**

Prices for Western whey powder ranged from steady to weaker following trading this past week. A number of contacts are stating that inventory levels are in better shape overall in the West. Export movement has helped and domestic sales are reported as improving. Western producers are watching pricing in other regions move lower to cover some of the freight to become more competitive with the West for export opportunities. Production generally remains heavier than anticipated. Some contacts feel that the market might be approaching a bottom plateau for the short run.

NONHYGROSCOPIC: .1950 - .2300 MOSTLY: .2050 - .2200

**ANIMAL FEED WHEY - CENTRAL**

Roller ground and delactose prices are unchanged while milk replacer prices adjusted slightly higher. Milk replacer supplies are more in balance, encouraging some plants to offer at higher prices. Roller ground movement is good with some facilities unable to satisfy spot interest. Delactose interest is lower. However, those plants that cater to both feed and food outlets are finding that losses in the feed market are readily gained in the edible market. Unless delactose prices move in line with WPC, some feed buyers are reporting that they may be encouraged to re-formulate. Early weaned pig prices are trending lower while the North Central veal demand is reported as good.

MILK REPLACER: .1700 - .1900  
ROLLER GROUND: .1875 - .2225  
DELACTOSE (Min. 20% protein): .3850 - .4150

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged and nominal on a weak market. Movement is mixed. Producers with Grade A or brand specific product are in good balance and often finding it difficult to satisfy spot interest. However, other manufacturers are offering at the lower end of the range and finding supplies difficult to clear, even into brokerage facilities. With lower international NDM prices, WPC is less attractive to some foreign buyers. While enhanced interest from some nutraceutical businesses is encouraging movement, abundant supplies of high protein product as well as expected CCC NDM sales are deterring feed demand. Production is mostly unchanged. While some producers are diverting their production away from 80% and into 34%, others are offering more condensed to end-users in an attempt to reduce 34% output. Off grade supplies of 80% and 34% are available for the light to fair interest.

EXTRA GRADE 34% PROTEIN: .5900 - .6475 MOSTLY: .6000 - .6375

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged and the market remains steady. Domestic movement appears relatively unchanged with good interest from candy and confectionary companies. Many producers state the determinant for second quarter pricing will be export markets. Japan is reportedly reducing current commitments, encouraging some firms to unexpectedly offer spot loads into some brokerage facilities. Interest from China and Southeast Asian nations is generally steady with heavy competition between US producers. Some suppliers speculate that second quarter contracts may not be completed until after the first week in April. Offerings for second quarter are generally at unchanged prices. Production is mostly steady in the Central region and heavier in the West. Off grade supplies are available and competitive with permeate and off grade whey supplies.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2000 - .2800 MOSTLY: .2075 - .2375

**CASEIN - NATIONAL**

Casein prices are generally steady, although the market tone is weak. Importers are indicating that domestic buyers are hesitant to commit too far into the future. Second quarter negotiations continue to be finalized. Most importers feel that volumes from sourcing countries should be sufficient to meet U.S. buyer needs. Proposed new customs duties and the results of the field test of CCC owned NDM stocks for the production of casein/caseinate are closely being monitored by importers which could impact future production and sales.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.3000 - 2.5000  
ACID: 2.1500 - 2.3500

**EVAPORATED MILK - NATIONAL**

Prices are unchanged and the market tone is steady. Some production schedules are increasing with higher milk output. Stocks are building at levels above the year prior. Demand is seasonally fair with most Easter/Passover interest satisfied.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED  
MAJOR U.S. CITIES \$19.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

## CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	02/27	02/28	03/01	03/04	03/05	03/06	03/07	03/08	03/11	03/12
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**CME - (CLASS III) MILK FUTURES --** Dollars per cwt.

FEB 02	11.63 (1389) 5	11.70 (1303) 4	11.63							
MAR 02	10.60 (1532) 18	10.55 (1526) 45	10.55 (1489) 16	10.58 (1486) 51	10.55 (1416) 17	10.56 (1416) 37	10.63 (1418) 21	10.63 (1412) 12	10.63 (1397) 17	10.65(1399) 13
APR 02	11.18 (1599) 33	11.20 (1618) 34	11.21 (1619) 19	11.15 (1632) 56	11.00 (1635) 58	11.10 (1635) 53	11.19 (1671) 74	11.26 (1703) 62	11.19 (1733) 61	11.10(1759) 63
MAY 02	11.46 (1550) 28	11.49 (1572) 32	11.53 (1584) 26	11.52 (1618) 70	11.45 (1621) 38	11.54 (1624) 52	11.60 (1651) 62	11.66 (1674) 33	11.64 (1688) 17	11.55(1696) 24
JUN 02	12.05 (1481) 58	12.05 (1500) 35	12.10 (1508) 14	12.06 (1547) 80	12.00 (1546) 43	12.12 (1552) 84	12.20 (1567) 31	12.26 (1564) 17	12.27 (1573) 13	12.21(1579) 25
JUL 02	12.90 (1521) 40	12.92 (1530) 35	13.00 (1534) 22	13.00 (1543) 78	12.90 (1544) 34	12.98 (1550) 73	13.05 (1567) 69	13.10 (1599) 40	13.10 (1634) 46	13.03(1654) 38
AUG 02	13.02 (1471) 36	13.07 (1478) 14	13.10 (1483) 13	13.10 (1492) 55	13.07 (1496) 38	13.13 (1498) 55	13.18 (1512) 53	13.26 (1524) 35	13.26 (1536) 17	13.20(1552) 40
SEP 02	13.20 (1532) 45	13.23 (1541) 15	13.28 (1543) 11	13.29 (1565) 71	13.25 (1567) 36	13.30 (1583) 39	13.36 (1582) 38	13.46 (1607) 48	13.46 (1622) 24	13.40(1639) 39
OCT 02	12.75 (974) 30	12.75 (977) 7	12.75 (983) 8	12.75 (1027) 55	12.73 (1025) 9	12.73 (1038) 7	12.78 (1056) 46	12.85 (1053) 2	12.85 (1055) 7	12.77(1061) 13
NOV 02	12.40 (692) 25	12.45 (694) 7	12.45 (696) 8	12.45 (728) 49	12.42 (726) 16	12.47 (726) 12	12.52 (717) 24	12.58 (717) 18	12.60 (718) 2	12.53(722) 42
DEC 02	12.10 (585) 18	12.20 (587) 6	12.23 (588) 9	12.23 (592) 12	12.20 (590) 15	12.25 (596) 6	12.31 (595) 19	12.50 (598) 7	12.41 (600) 3	12.35(603) 11
JAN 03	11.63 (53) 7	11.60 (47) 1	11.60 (47) 0	11.60 (47) 0	11.60 (47) 0	11.60 (48) 1	11.70 (53) 10	11.67 (58) 10	11.67 (67) 20	11.67(67) 0
FEB 03	11.60 (12) 0	11.60 (12) 0	11.60 (12) 0	11.60 (12) 0	11.60 (12) 0	11.60 (12) 0	11.60 (12) 0	11.60 (17) 5	11.58 (27) 13	11.58(27) 0
MAR 03	11.60 (15) 0	11.60 (15) 0	11.60 (15) 0	11.60 (15) 0	11.60 (15) 0	11.60 (15) 0	11.60 (15) 0	11.60 (16) 5	11.58 (24) 10	11.58 (26) 2

**CME - CLASS IV MILK FUTURES -** Dollars per cwt.

FEB 02	11.65 (130) 0	11.65 (130) 0	11.54							
MAR 02	11.80 (151) 0	11.80 (151) 0	11.80 (151) 0	11.70 (151) 0	11.70 (152) 1	11.60 (152) 0	11.61 (152) 0	11.61 (158) 32	11.60 (157) 0	11.60(157) 0
APR 02	12.10 (183) 0	12.10 (183) 0	12.10 (183) 0	11.95 (189) 6	11.78 (188) 0	11.75 (188) 0	11.75 (188) 0	11.75 (188) 0	11.75 (188) 0	11.75(188) 0
MAY 02	12.01 (253) 0	12.01 (253) 0	12.05 (254) 5	11.95 (254) 1	11.87 (254) 11	11.75 (254) 0	11.75 (254) 0	11.75 (256) 27	11.75 (256) 0	11.75(256) 0
JUN 02	11.92 (359) 0	11.96 (359) 0	12.00 (361) 4	11.90 (360) 2	11.75 (361) 1	11.40 (361) 0	11.40 (361) 0	11.46 (361) 0	11.60 (361) 0	11.60(361) 0
JUL 02	12.13 (490) 0	12.13 (490) 0	12.13 (490) 1	12.13 (498) 11	12.00 (506) 10	11.90 (506) 0	11.90 (511) 5	11.80 (511) 3	11.90 (511) 0	11.90(511) 0
AUG 02	12.16 (458) 0	12.20 (458) 0	12.20 (458) 1	12.20 (456) 3	12.20 (466) 10	12.00 (466) 0	12.00 (466) 0	12.00 (471) 5	12.10 (471) 0	12.10(471) 0
SEP 02	12.15 (381) 0	12.16 (381) 0	12.20 (381) 0	12.20 (381) 3	12.20 (381) 0	12.20 (381) 0	12.20 (381) 0	12.20 (385) 4	12.15 (385) 0	12.15(395) 10
OCT 02	12.14 (357) 0	12.15 (357) 0	12.15 (357) 0	12.15 (352) 5	12.15 (352) 0	12.15 (352) 0	12.15 (352) 0	12.15 (352) 0	12.15 (352) 0	12.15(352) 0

**CME - BUTTER FUTURES --** Cents per pound

MAR 02	133.50 (210) 14	132.50 (210) 3	129.75 (219) 9	129.50 (181) 5	127.25 (185) 16	126.25 (173) 0	126.50 (165) 4	126.50 (159) 10	127.00 (114) 0	127.00(94) 6
MAY 02	135.00 (74) 0	135.00 (76) 4	133.00 (86) 12	132.02 (86) 0	131.95 (86) 2	128.50 (88) 4	130.00 (90) 3	127.00 (90) 0	129.00 (90) 0	129.50(92)10
JUL 02	140.50 (163) 8	138.50 (167) 4	136.00 (172) 5	135.25 (172) 0	135.25 (174) 2	133.00 (175) 1	135.00 (179) 4	131.00 (179) 0	132.02 (179) 0	133.00(180) 9
SEP 02	142.00 (170) 8	141.00 (170) 2	139.50 (173) 1	138.50 (174) 3	138.00 (189) 16	136.00 (193) 4	136.25 (194) 5	135.00 (194) 1	135.00 (194) 0	135.00(193) 1
OCT 02	143.00 (108) 9	141.50 (110) 4	139.50 (110) 0	139.50 (111) 3	137.50 (113) 2	137.00 (115) 2	137.50 (116) 1	136.50 (116) 0	136.50 (116) 0	136.50(116) 0

**CME - NONFAT DRY MILK FUTURES --** Cents per pound

JUL 02	88.65 (11) 0	88.65 (11) 0	88.65 (11) 0	88.65 (11) 0	88.65 (11) 0	88.65 (11) 0	88.65 (11) 0	88.65 (11) 0	88.65 (11) 0	88.65(11) 0
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1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered March 4 - 15, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Milk production in Europe continues to increase, but producers are closely monitoring their output as the milk production quota year end nears. Milk handlers indicate that the overall volume, from all countries, will be at or slightly below quota levels, although there are about half of the countries that will be over. Intervention for skim milk powder is now open. Powder that was produced 30 days prior to the March 1 opening can be offered. For the most part, it is this February production that is clearing to intervention. The EU Management Committee met on Thursday March 14 and released figures which indicate that 10,000 metric tons have cleared to intervention. The early figures are receiving mixed opinions. Some handlers and traders felt that early offerings would have been heavier while others are not surprised at the volumes, especially when the program has only been open for less than two full weeks. The recent export refund adjustment on skim and whole milk powder is having little impact on sales activity. The refund level for skim powder is 500 euros (\$437 US) and 915 euros (\$800 US) for whole milk. Traders continue to find difficulty in securing buyer interest even with the increased refunds. Traders indicate that sales that are occurring are for short term or immediate needs. Most feel that buyers will continue to wait until prices have bottomed out before returning to the market. Everyone continues to question when and where will markets bottom out. At this point, prices basically continue to slide lower. Stocks of European produced dairy products are reported to be sufficient to meet domestic or internal needs with additional product available for potential buyer interest. As the milk production season continues to develop, additional volumes will become available.

**BUTTER/BUTTEROIL:** European butter markets remain weak although prices are basically unchanged. Butter continues to clear to intervention and PSA in those countries that have open programs. This winter butter is desirable during the upcoming summer months, thus producers and handlers are willing to clear stocks to these programs. International sales activity remains basically non-existent. Most market activity centers around clearances to storage programs and meeting internal or domestic needs.

82% BUTTERFAT:	1,100 - 1,200
99% BUTTERFAT:	1,250 - 1,400

**SKIM MILK POWDER (SMP):** Skim milk powder markets remain weak as prices continue to edge lower. Intervention is now open in Europe. Although the program has been open for less than two weeks, early offerings total 10,000 metric tons. Powder produced in February could be offered to intervention after March 1, thus most of the early offering is from this time period. The export refund increase of a few weeks ago is having little impact on international sales. For the most part, buyers continue to hold off placing orders until a bottom has been attained in current weak markets. A sale to Mexico of 3000 metric tons was reported out of Eastern Europe at the lower end of the reported range. Some European traders feel that they will probably not be a significant player in the early rounds of renewed buyer interest due to stock availability, especially if interest resumes shortly. Many are looking at mid-summer or just prior to the new milk production season in Oceania.

1.25% BUTTERFAT:	1,200 - 1,500
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are weak with prices continuing to slide as in past weeks. Stocks of powder are not excessive, although adequate to meet some new international sales. Sales activity is light. Most traders feel that it may be mid-year before they see much European market activity.

26% BUTTERFAT:	1,350 - 1,400
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**SWEET WHEY POWDER:** Whey powder markets are weak as prices decline. Traders and handlers in Europe report that a recent Japanese whey tendure for animal feed was announced, but the sourcing of this is unclear. Possible sources are Eastern Europe, Australia, South Africa, or the US. Most feel that the US is probably not a source due to current domestic prices and what the Japanese are willing to pay. International European whey sales continue to be reported as limited due to higher prices than buyers are willing to pay, although prices have eased in comparison to just two weeks ago.

NONHYGROSCOPIC:	450 - 550
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**OVERVIEW: EASTERN EUROPE:** Milk production patterns in Eastern Europe are low, but as is the situation elsewhere in Europe, the new production season is underway. Milk handlers are indicating that it is too early to predict what the upcoming season will bring, but milk handlers are optimistic that the new season will surpass last year. Some international sales are being reported out of Eastern Europe. This buyer interest is being filled with last season's production. Stocks are low, although sufficient to fill some buyer interest.

## OCEANIA

**OVERVIEW:** Milk production continues to decline seasonally in Australia and New Zealand. Although the season is still a month or so off from an official end, early estimates are that output in New Zealand may be around 3% stronger and Australia's output is estimated to be about the same as a year ago. In Australia, especially in Victoria, the second half of the milk production season is reported as very strong, thus this may increase the overall season's output. Oceania handlers and traders continue to feel and are reacting to price influences from the U.S. and Europe. DEIP bonuses in the U.S. have now reach \$750 per metric ton on skim powder and Europe has increased its' skim powder export refund again to around \$440 per ton. The whole milk powder refund was also recently adjusted higher to around \$800 per ton. Both the increasing DEIP bonuses and fourth export refund adjustment in as many months continue to put downward pressure on Oceania offering prices to remain competitive. Oceania traders are indicating that international sales activity remains light and unaggressive. Some occasional small volume and onetime sales are being reported from the region. Stocks of manufactured products are fully sufficient for committed needs with additional volumes reported to be available for new buyer interest. As the milk production season winds down in both countries, so are manufacturing schedules. Plants are reducing production runs, cutting operating days, and seasonally closing plants as milk production declines.

**BUTTER:** Oceania butter prices continue to edge lower following this trend in other parts of world. Current prices have not been at this level since early 1994. Stocks of Oceania butter are reported to be sufficient for ongoing and contractual needs with additional volumes reported to be available for spot buyer interest. At this point, no significant new buyer interest is being reported. Oceania handlers question when will sales resume, but have mixed opinions. Most feel that in the near term, sales will remain light, but are optimistic that they will increase before the start of the milk production season in August.

82% BUTTERFAT:	1,000 - 1,075
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**CHEDDAR CHEESE:** Oceania cheese markets and prices are basically steady. Weakening prices for most manufactured dairy products have pressured cheese prices to decline, but that decline has slowed and for the most part stabilized in recent weeks. Sales activity is reported to be steady to regular and ongoing customers. Producers and handlers are comfortable with current cheese stocks in relationship to volumes on hand, end of season production patterns, and projected needs.

39% MAXIMUM MOISTURE:	1,800 - 1,950
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**SKIM MILK POWDER (SMP):** Skim milk powder prices continue to edge lower. Powder handlers felt a few weeks ago that a bottom to the market was close at hand, although prices continue to slide. Weakening prices are having minimal impact on current sales patterns. For the most part, sales remain light and unaggressive. Handlers report that buyers must be waiting to place orders until an upturn in the market starts to occur. Although prices are dismal in comparison to recent years, it was in mid 1999 that prices were very comparable to current levels.

1.25% BUTTERFAT:	1,275 - 1,550
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**WHOLE MILK POWDER (WMP):** Whole milk powder prices are steady to slightly lower. The market tone is more stable than many other manufactured dairy products at this time. Stocks of whole milk powder are reported to be available above and beyond contractual needs. Although not overly aggressive, whole milk powder sales are experiencing more buyer interest than skim powder.

26% BUTTERFAT:	1,300 - 1,450
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Exchange rates for selected foreign currencies: MARCH 11, 2002

.6316 Canadian Dollar	.0205 India Rupee
.4367 Argentina Peso	.4283 New Zealand Dollar
.1103 Mexican Peso	.5219 Australian Dollar
1.4205 British Pound	.0078 Japanese Yen
.2411 Polish Zloty	.8753 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1103)= 9.0601. That is 1 US Dollar equals 9.0601 Mexican Pesos.

Source: "Wall Street Journal"



**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, OCTOBER 2001, WITH COMPARISONS**

In October 2001, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.52 per cwt., \$1.34 less than the figure for the previous month. On an individual reporting area basis, mailbox prices decreased in all areas and ranged from \$18.55 in Florida to \$13.90 in Idaho. In October 2000, the Federal milk order all-market average mailbox price was \$12.47, \$3.05 lower.

Reporting Area	Mailbox Milk Price <u>2/</u>					
	May 2001	June 2001	July 2001	August 2001	September 2001	October 2001
	<u>Dollars per hundredweight</u>					
Northeast Federal Milk Order	15.43	16.19	16.30	16.65	16.84	15.38
Appalachian States <u>3/</u>	15.95	16.41	16.74	17.12	17.45	16.20
Southeast States <u>4/</u>	16.10	16.82	17.20	17.73	18.06	16.79
Florida	17.69	18.36	18.56	19.48	19.79	18.55
Ohio	15.24	15.94	15.96	16.26	17.14	15.71
Michigan	15.12	15.71	15.75	16.04	16.85	15.41
Wisconsin	15.36	16.05	15.96	16.14	17.00	15.78
Minnesota	15.33	15.90	15.88	16.10	16.84	15.40
Illinois	15.04	16.08	16.05	16.19	16.97	15.89
Northern Missouri <u>5/</u>	14.61	15.65	15.83	16.17	17.03	15.76
Southern Missouri <u>6/</u>	15.03	15.77	16.16	16.45	16.99	15.59
Corn Belt States <u>7/</u>	14.80	15.62	15.73	15.88	16.74	15.52
Western Texas <u>8/</u>	15.00	15.70	15.70	16.47	16.99	15.88
New Mexico	14.20	14.77	14.91	15.36	15.77	14.43
Idaho	14.19	15.03	15.15	15.29	15.76	13.90
Utah	14.26	14.90	15.04	15.38	15.91	14.47
Northwest States <u>9/</u>	14.82	15.35	15.37	15.65	16.16	14.67
All Federal Order Areas <u>10/</u>	15.29	15.95	16.02	16.32	16.86	15.52
California <u>11/</u>	14.54	15.23	15.13	15.54	15.95	14.06

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Includes Oregon and Washington. 10/ Weighted average of the information for all selected reporting areas in Federal milk orders. 11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

## MARCH MILK SUPPLY AND DEMAND ESTIMATES\*

Forecast milk production in 2001/02 is raised fractionally from last month, based on slightly higher milk per cow. Tight heifer supplies are expected to continue constraining milk production growth. Skim solids demand is weaker than previously expected, and CCC removals of nonfat dry milk through the end of the price support program in May are forecast higher. The forecast Class IV price is lowered to \$11.60-\$12.20 per cwt. from last month. The Class III price forecast is also reduced. The 2001/02 all milk price forecast is lowered to \$13.05-\$13.45 per cwt.

Item	1999/00 1/	2000/01 Estimate 1/		2001/02 Projection 1/	
		February	March	February	March
<b>SUPPLY</b>		<b>BILLION POUNDS</b>			
BEGINNING COMMERCIAL STOCKS 2/	7.4	8.9	8.9	8.6	8.8
PRODUCTION	167.4	165.3	165.2	168.3	168.4
FARM USE	1.3	1.3	1.3	1.2	1.2
MARKETINGS	166.0	164.0	163.9	167.1	167.2
IMPORTS 2/	4.6	5.5	5.5	5.1	5.1
TOTAL COMMERCIAL SUPPLY 2/	178.1	178.4	178.3	180.8	181.0
<b>USE</b>					
COMMERCIAL USE 2/ 3/	168.4	169.4	169.2	172.5	172.6
ENDING COMMERCIAL STOCKS 2/	8.9	8.6	8.8	8.2	8.3
CCC NET REMOVALS:					
MILKFAT BASIS 4/	0.8	0.3	0.3	0.1	0.1
SKIM SOLIDS BASIS 4/	8.5	6.3	6.3	4.6	5.7
		<b>DOLLARS PER CWT.</b>			
<b>MILK PRICES 5/</b>					
BASIC FORMULA/CLASS III PRICE 6/	9.99	12.29	12.29	11.40-11.90	11.40-11.80
CLASS IV 7/	11.51	13.88	13.88	11.60-12.30	11.60-12.20
ALL MILK 8/	12.61	14.48	14.48	13.05-13.55	13.05-13.45
		<b>MILLION POUNDS</b>			
<b>CCC PRODUCT NET REMOVALS 4/</b>					
BUTTER	11	0	0	0	0
CHEESE	17	17	17	4	4
NONFAT DRY MILK	690	525	525	395	485
DRY WHOLE MILK	34	3	3	0	0
	QUARTERLY 9/			ANNUAL 9/	
	2002 I	2002 II	2002 III	2001	2002
<b>MILK PRODUCTION</b>	42.2	43.8	41.7	165.3	169.4
	<b>DOLLARS PER CWT.</b>				
ALL MILK PRICE 5/ 8/	13.10-13.30	12.20-12.70	12.45-13.25	14.93	12.85-13.45
CLASS III PRICE 5/ 6/	11.35-11.55	10.70-11.20	11.05-11.85	13.10	11.30-11.90
CLASS IV PRICE 5/ 7/	11.55-11.75	11.40-11.90	11.65-12.45	13.76	11.60-12.20

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Basic Formula Price (BFP) through December 31, 1999; Federal milk order Class III price beginning January 1, 2000. 7/ Federal milk order Class IV price. 8/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 9/ Calendar year basis projection. \* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; John Mengel, AMS; Authur Coffing, FAS; James Miller, ERS; and Daniel Colacicco, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-384, World Agricultural Outlook Board, USDA, March 8, 2002.

## JANUARY FLUID MILK SALES

During January, about 4.5 billion pounds of packaged fluid milk products were sold in Federal milk order (FMO) marketing areas and California. This was 0.7 percent higher than January 2001. On an individual product basis, sales of whole milk, reduced fat (2%) milk, low fat (1%) milk, and buttermilk increased from January 2001, while sales of fat-free (skim) milk decreased from a year earlier. The data for both years have been adjusted for calendar composition.

Editor's Note: This data also can be found at [www.ams.usda.gov/dairy/mmhos.htm](http://www.ams.usda.gov/dairy/mmhos.htm).

**PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY  
FEDERAL MILK ORDERS AND CALIFORNIA, JANUARY 2002, WITH COMPARISONS<sup>1/</sup>**

Product Name/ Marketing Area (Order Number) <sup>2/</sup>	Sales		Change from: <sup>3/</sup>	
	Jan	Year to date	Previous Year	Year to Date
	Mil.lbs		Percent	
Whole Milk <sup>4/</sup>	1,575	1,575	1.0	1.0
Reduced Fat Milk (2%)	1,420	1,420	0.3	0.3
Low Fat Milk (1%) <sup>5/</sup>	762	762	2.0	2.0
Fat-Free Milk (Skim)	672	672	-0.6	-0.6
Buttermilk	48	48	0.8	0.8
Total Fluid Milk Products <sup>2/</sup>	4,482	4,482	0.7	0.7
Northeast (001)	841	841	2.0	2.0
Appalachian (005)	308	308	0.6	0.6
Southeast (007)	434	434	0.6	0.6
Florida (006)	255	255	1.3	1.3
Mideast (033)	555	555	-1.5	-1.5
Upper Midwest (030)	385	385	1.0	1.0
Central (032)	411	411	0.3	0.3
Southwest (126)	375	375	2.2	2.2
Ariz.-Las Vegas (131)	111	111	2.9	2.9
Western (135)	78	78	2.3	2.3
Pacific Northwest (124)	191	191	0.1	0.1
California (---)	539	539	-0.1	-0.1

<sup>1/</sup> These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. <sup>2/</sup> Sales by product are for all marketing areas combined. Individual marketing area data are for total fluid milk products. Total fluid milk products include the products listed plus miscellaneous products and eggnog. <sup>3/</sup> Percent changes have been adjusted for calendar composition. <sup>4/</sup> Includes flavored whole milk. <sup>5/</sup> Includes flavored fat-reduced milk.

**SOURCE:** Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

## THE DAIRY SITUATION AND OUTLOOK

**Dairy Demand Holds** - Dairy demand has been unsteady but generally fairly strong since last autumn. The recession has given evidence of being mild and short. The effects of last fall's events were mostly short-lived. Although consumers are likely to be more conservative about food spending than they were during most of the 1998-2001 period, dairy demand is expected to rise significantly this year. Cheese, butter, and fluid cream appear to remain the favored dairy products. Demand for skim solids as ingredients remains soft. Overall use has not responded to stable and lower prices, although sales of nonfat dry milk were an exception. Food processors can be very slow to change formulations because of associated costs and uncertainties about consumer reaction. They probably were particularly reluctant to make alterations during the recently ended period of strong demand for indulgent foods. This year's more normal demand environment may boost sales of skim solids.

Commercial use of milkfat is projected to rise about 2 percent following 2001's fractional gain. The increase could be larger if imports decline less than expected. Sales of skim solids also are expected to increase about 2 percent. Ingredient use of skim solids remains key, with uncertainties generated by long-term responses by food processors and by the likely increase in imports of concentrated milk proteins. Commercial use of cheese rose more than 1 percent in 2001, as sales of American varieties increased a brisk 3 percent. Use of other cheeses was unchanged, largely because sales of Mozzarella had only a minimal increase instead of their normal large gain. Butter sales slipped 2 percent as the very high prices rationed supplies. On the other hand, commercial use of nonfat dry milk jumped more than a fourth to the highest level since 1996. February 1 commercial stocks were mixed. Holdings of butter and other-than-American cheese were considerably larger than a year earlier, but stocks of American cheese and nonfat dry milk were down substantially. The price volatility of recent years has made traders more comfortable with sizable stocks, and the February 1 levels probably were not excessive—with the possible exception of butter. On the other hand, Government stocks of nonfat dry milk exceeded 800 million pounds on March 1, far more than can be used readily.

Price support purchases of nonfat dry milk were heavy during January-February. Supplies were heavy, and manufacturers were concerned about a possible reduction in the support purchase price of powder. Growth in commercial use of skim solids is expected to trim 2002 purchases of nonfat dry milk, but the surplus may well be larger during the first half. Removals under the Dairy Export Incentive Program (DEIP) probably will again be roughly the same as the World Trade Organization (WTO) limit, although new contract activity has been sluggish recently. Net removals of nonfat dry milk fell more than a fourth in 2001 as purchases dropped. Even so, the surplus of skim solids remained sizable. There were no removals of butter and only the very small DEIP removals of cheese.

**Dairy Prices Lower** - Wholesale dairy prices are not expected to change much until summer nears, although they may be far from steady. Production increases probably will be large, and the ability of demand to absorb the supply increase will be unclear. Moderate seasonal increases in butter and cheese prices are expected during the second half of the year. If international butter prices do not recover, over-TRQ imports of milkfat could be a much more significant limiting influence than last year.

Farm milk prices are expected to run below a year earlier until at least autumn. Even if markets turn out much tighter than currently expected, considerably stronger production and weaker demand growth than in 2001 seem fairly certain. Farm milk prices are projected to fall an average \$1.50-2.00 per cwt in 2002. Like the second half of 2001, the values of milk for butter-powder and for cheese are expected to stay closer together than they did during 2000 and the first part of 2001. The average price received for milk was almost \$15 per cwt in 2001, up \$2.60 and the second highest ever. Prices of milkfat soared during the middle of the year when production faltered and demand stayed robust. Since 1996, milk prices, although quite volatile, have averaged \$1.60 per cwt above the 1980-95 trend.

Retail prices of dairy products are expected to stay near current levels during 2002. For the year, retail prices are projected to rise an average 2-3 percent from a year earlier. The farm-to-retail price spread will widen considerably after falling in 2001. Dairy price spreads have been relatively volatile in recent years as retail prices changed much slower than did farm and wholesale prices.

**SOURCE:** "Livestock, Dairy, and Poultry Outlook", LDP-M-93, March 13, 2002, Economic Research Service, USDA. For more information on the LDP report, contact James J. Miller, (202) 694-5184.

## Measures of Growth in Federal Milk Order Markets, Selected Years, 1947-2001

Year	Number of markets 1/	Population of Federal milk marketing areas	Number of handlers 1/	Number of producers 2/	Receipts of producer milk 3/	Producer milk used in Class I	Percentage of producer milk used in Class I	Prices at 3.5% butterfat content 2/		Receipts as percentage of milk sold to plants and dealers		Daily deliveries of milk per producer	Gross value of receipts of producer milk 4/	
								Class I	Blend	Fluid grade	All milk		Per producer	All producers
	Number	1,000	Number		Million pounds		Percent	Dol. per cwt.		Percent		Pounds	Dollars	1,000 dol.
1947	29	---	991	135,830	14,980	9,808	65.5	4.65	4.34	---	21	302	5,024	682,407
1950	39	---	1,101	156,584	18,660	11,000	58.9	4.51	3.93	41	25	326	4,914	769,442
1955	63	46,963	1,483	188,611	28,948	18,032	62.3	4.67	4.08	51	32	420	6,510	1,227,815
1960	80	88,818	2,259	189,816	44,812	28,758	64.2	4.88	4.47	64	43	648	10,482	1,989,615
1965	73	102,351	1,891	158,077	54,444	34,561	63.5	4.93	4.31	70	48	944	15,300	2,418,526
1970	62	125,721	1,588	143,411	65,104	40,063	61.5	6.74	5.95	79	59	1,244	27,636	3,963,311
1975	56	150,666	1,315	123,855	69,249	40,106	57.9	9.36	8.64	78	63	1,532	49,233	6,097,768
1980	47	164,908	1,091	117,490	83,998	41,034	48.9	13.77	12.86	80	67	1,954	93,685	11,007,001
1985	44	176,440	884	116,765	97,762	42,201	43.2	13.88	12.61	80	70	2,294	107,871	12,595,522
1986	44	177,992	849	112,322	98,791	42,725	43.2	13.60	12.38	80	71	2,413	111,581	12,515,451
1987	43	180,374	797	105,882	98,182	42,876	43.7	13.90	12.51	80	71	2,542	118,402	12,529,800
1988	42	184,180	776	104,141	100,066	43,141	43.1	13.42	12.14	79	71	2,627	119,261	12,419,974
1989	41	185,919	748	100,291	95,871	43,367	45.2	14.51	13.30	75	68	2,614	129,744	13,012,796
1990	42	195,841	753	100,397	102,396	43,783	42.8	15.55	13.78	77	70	2,796	142,324	14,289,567
1991	40	198,409	722	100,267	103,252	45,033	43.6	13.30	12.11	76	71	2,821	121,479	12,180,354
1992	40	200,530	698	97,803	107,947	44,914	41.6	14.57	13.12	77	73	3,017	146,452	14,323,698
1993	38	199,604	675	92,934	103,979	44,805	43.1	14.19	12.89	73	69	3,073	145,350	13,507,974
1994	38	201,561	629	91,397	107,811	44,866	41.6	14.75	13.16	75	71	3,232	156,253	14,281,193
1995	33	207,548	571	88,717	108,548	45,004	41.5	14.19	12.79	75	71	3,350	157,754	13,995,454
1996	32	209,599	570	82,947	104,501	45,479	43.5	16.19	14.64	72	69	3,442	187,713	15,570,261
1997	31	208,379	570	78,422	105,224	44,917	42.7	14.36	13.10	71	69	3,676	178,424	13,992,366
1998	31	210,484	522	72,402	99,223	44,968	45.3	16.14	14.92	66	64	3,755	202,770	14,681,340
1999	31	212,118	487	69,008	104,479	45,216	43.3	16.24	14.09	67	65	4,148	216,794	14,960,544
2000	11	228,899	346	69,590	116,920	45,989	39.3	14.24	12.11	72	70	4,590	207,913	14,468,892
2001	11	231,487	367	66,171	120,223	45,887	38.2	15.95	14.90	75	73	4,978	276,688	18,308,968

1/ End of year. The number of markets peaked at 83 in 1962. The number of handlers peaked at 2,314 in 1961.

2/ Average for year. The number of producers peaked at 192,947 in 1961.

3/ Beginning in 1989, due to disadvantageous price situations in some markets, handlers elected not to pool milk that normally would have been associated with the order. This has reduced, sometimes substantially, the volume of producer milk receipts reported for some markets.

4/ Based on blend (uniform) price adjusted for the butterfat content, and in later years, other milk components of producer milk.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MARCH 11 - 15, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES#	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 03/08/02	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	4,025,276	-0-	-0-
Process	-0-	-0-	-0-	-0-	4,039,200	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	11,114,559	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfortified	18,238,216	629,368	17,608,848	232,679,355	222,264,195	807,897,000	451,693,000
Fortified	-0-	-0-	-0-	-0-	26,867,069	46,391,000	37,339,000
<b>TOTAL</b>	18,238,216	629,368	17,608,848	232,679,355	249,131,264	854,288,000	489,032,000

# Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 11 - 15, 2002 =	3.9	205.0	COMPARABLE PERIOD IN 2001 =	2.5	133.2
CUMULATIVE SINCE OCTOBER 1, 2001 =	51.2	2,708.4	CUMULATIVE SAME PERIOD LAST YEAR =	157.4	3,009.9
CUMULATIVE JANUARY 1 - MARCH 15, 2002 =	34.3	1,812.5	COMPARABLE CALENDAR YEAR 2001 =	40.9	1,527.3

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MARCH 11 - 15, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	1,548,233	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	14,793,419	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	1,267,196	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	6,035,040	7,896,292	3,105,246	3.4	35.8
WEST	-0-	-0-	-0-	5,039,919	216,774,535	246,026,018	93.2	64.0
EAST	-0-	-0-	-0-	39,600	8,008,528	-0-	3.4	0.2
<b>TOTAL</b>	-0-	-0-	-0-	11,114,559	232,679,355	249,131,264	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

**MANUFACTURING MILK** Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

**BUTTER** Bulk \$.8548 per pound; 1# Prints \$.8848

**CHEESE** 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

**NONFAT DRY MILK** Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 02/23/02 & Comparable Week 2001

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	0.7	5.6	4.8	18.6	2.4	0.5	1.1	12.9	2.5	49.3	414.9
2001-Dairy	0.3	0.6	5.9	5.3	20.5	3.4	2.3	1.0	11.8	3.3	54.2	457.2
2002-All cows	0.2	0.9	7.5	13.6	29.7	14.1	14.9	3.4	14.7	5.7	104.8	873.3
2001-All cows	0.3	0.7	7.9	15.0	30.9	12.8	18.6	5.7	13.0	6.5	111.4	919.4

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62									
II	12.69	12.28										
III	11.87	11.63										
IV	11.93	11.54										

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dairy/mib/class\\_prod\\_milk\\_comp\\_pr.htm](http://www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm)